

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2264

March 12, 2014

SUMMARY OF BILL: Adds “infused product” to the statutory definition of alcoholic beverages. Defines “infused product” as any product created from the combining or mixing of an alcoholic beverage with nonalcoholic products or material over a sustained period of time and at the time of the combination or mixing, the combination or mixture is not intended for immediate consumption. Authorizes establishments licensed to sell alcoholic beverages for on-premises consumption to sell infused products. Establishes guidelines for the storage and labeling of such products and requires these entities to notify the Alcoholic Beverage Commission (ABC) of the intent to store and sell such items at least 10 days prior to commencing the activity. Excludes certain stimulants from use in infused products.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$227,700/One-Time/ABC Fund
\$300,000/Recurring/ABC Fund**

Assumptions:

- No additional permits will be issued as a result of this bill; therefore, no additional permit fee revenue.
- ABC will require four new agents to oversee the entities blending products authorized by the bill.
- The recurring increase in state expenditures from the ABC Fund for each new agent position is estimated to be \$60,455 (\$32,412 salary, \$11,985 benefits, \$16,058 other). One-time state expenditures from the ABC Fund for each new agent position are estimated to be \$55,560, which includes costs for mental and physical examinations, equipment, training, computer and related accessories, and vehicle costs.
- The recurring increase in state expenditures from the ABC Fund related to the four new agents is estimated to be \$241,820 (4 x \$60,455). The one-time increase in state expenditures related to these positions is estimated to be \$222,240 (4 x \$55,560).
- ABC will require one new administrative assistant to aid in the oversight of blended products.
- The recurring increase in state expenditures from the ABC Fund for the administrative assistant position is estimated to be \$38,200 (\$26,400 salary, \$10,000 benefits, \$1,800 other). One-time state expenditures from the ABC Fund for this position are estimated to be \$5,500, which includes costs for computer, software, supplies, etc.

- ABC will be required to conduct laboratory tests on blended samples. The cost for such tests is estimated to be \$20,000 annually.
- The total one time increase in state expenditures to the ABC Fund is estimated to be \$227,740 (\$222,240 agent positions + \$5,500 administrative assistant position).
- The total recurring increase in state expenditures to the ABC Fund is estimated to exceed \$300,020 (\$241,820 agent positions + \$38,200 administrative assistant position + \$20,000 lab tests).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read 'Lucian D. Geise', is positioned above the printed name.

Lucian D. Geise, Executive Director

/cce